



Grant Thornton

# Risk Appetite Practice July 2011

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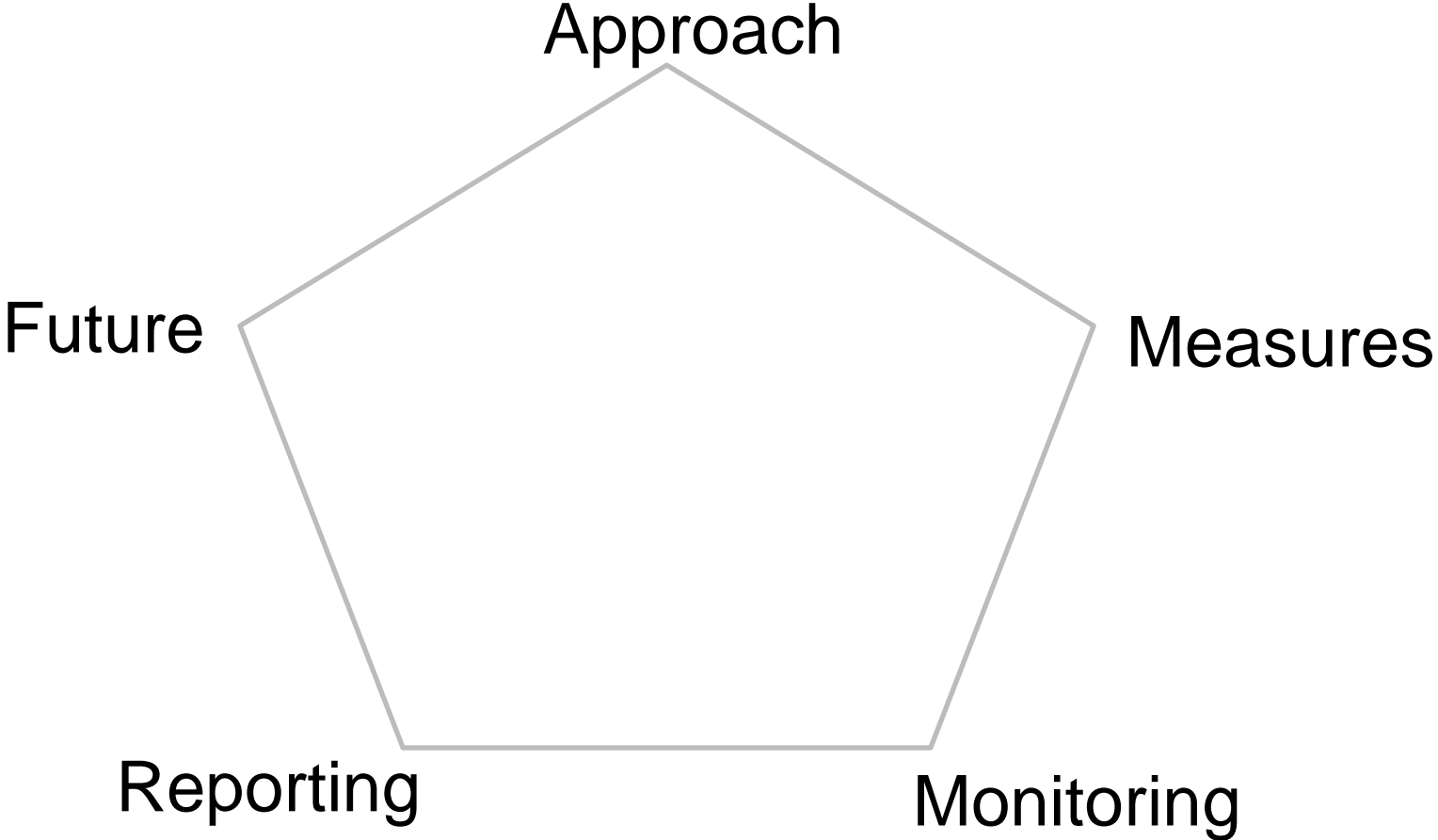
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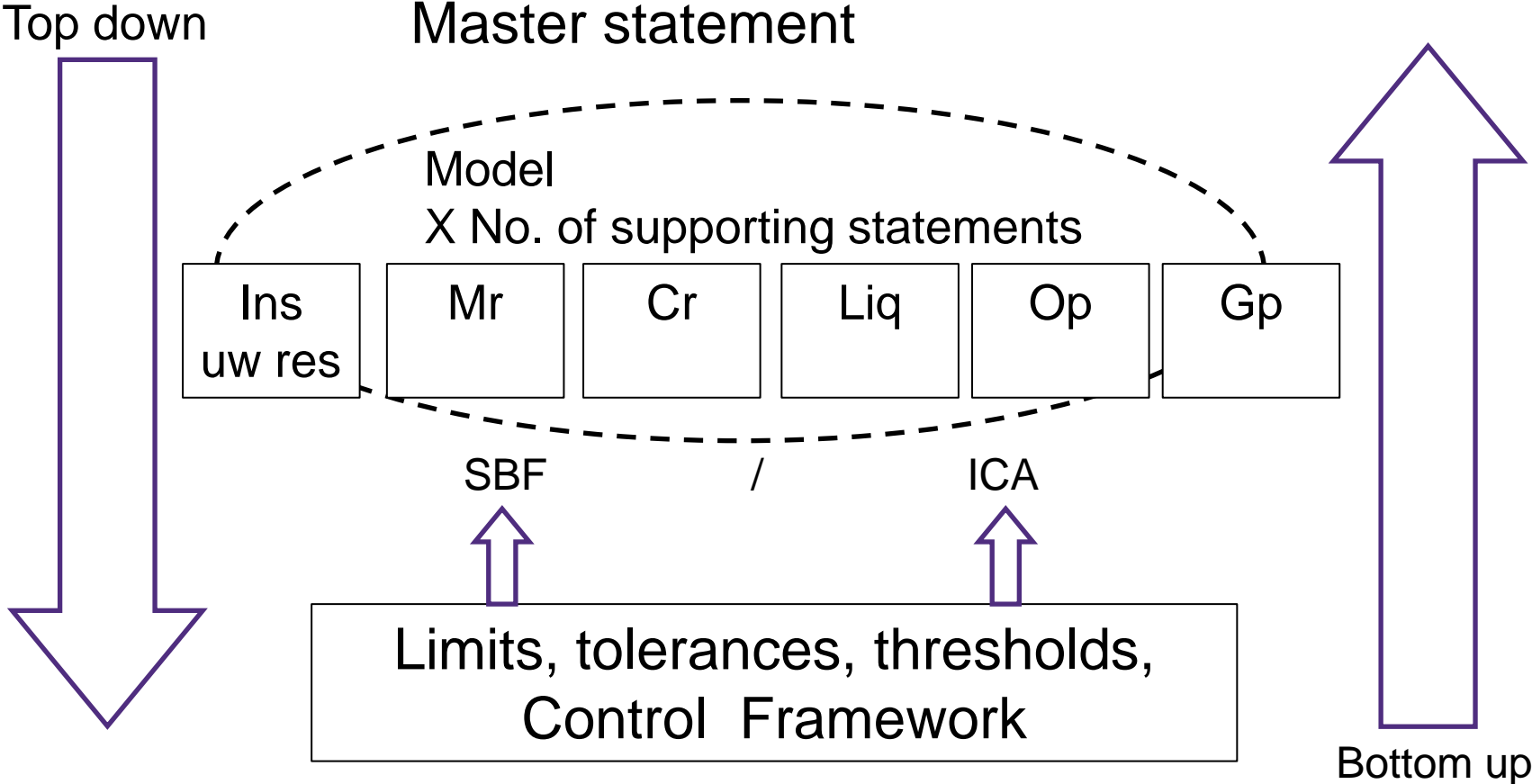
# Agenda

- Background
- Buckets
  - Approach
  - Measures
  - Monitoring/ Reporting
  - Future
- Considerations

# 5 Buckets



# Approach



# Measures

- Hard coded % Cat exposure - Lloyd's
- Maintain 10% buffer above regulatory capital
- % deviation from planned accident year loss ratio
- Return of x% ROE over x years without exposing syndicate capital to a loss greater than 15% of Total Available Assets
- Aim to write business with a ROC of 15%

# Monitoring Reporting

## Against Plan

- Premium income
- Rate change
- Reserve monitoring
- Exposure monitoring
- Loss ratios

## Reporting

- Frequency
- Vehicle
- Forum

# Future

Dashboards

Use in business

Make cohesive

Link to RoC/Capital allocation

Cascade - develop entity level tolerances

Embed

Go live!

# Considerations

- Principles
- Drivers
- Tensions
- Constraints
- Time to agree
- Business buy-in
- Education of board
- Underwriters - LR's COR's